

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

In re: USA Commercial Mortgage Company

Case No. 06-10725-LBRCHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)

## SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 12/31/09PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of April 13, 2006
2. Asset and Liability Structure			
a. Current Assets	<u>\$848,957</u>	<u>\$885,544</u>	
b. Total Assets	<u>\$848,957</u>	<u>\$885,544</u>	<u>\$122,468,825</u>
c. Current Liabilities	<u>\$900</u>	<u>\$702</u>	
d. Total Liabilities	<u>\$4,400</u>	<u>\$4,202</u>	<u>\$61,634,630</u>
3. Statement of Cash Receipts & Disbursements for Month			Cumulative (Case to Date)
a. Total Receipts	<u>\$72</u>	<u>\$71</u>	<u>\$40,575,304</u>
b. Total Disbursements	<u>\$36,659</u>	<u>\$57,414</u>	<u>\$40,302,579</u>
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	<u>(\$36,587)</u>	<u>(\$57,343)</u>	<u>\$272,725</u>
d. Cash Balance Beginning of Month	<u>\$885,544</u>	<u>\$942,887</u>	<u>\$576,231</u>
e. Cash Balance End of Month (c + d)	<u>\$848,957</u>	<u>\$885,544</u>	<u>\$848,957</u>
4. Profit/(Loss) from the Statement of Operations	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
5. Account Receivables (Pre and Post Petition)	<u>(\$36,785)</u>	<u>(\$1,830)</u>	<u>(\$38,163,336)</u>
6. Post-Petition Liabilities	<u>\$0</u>	<u>\$0</u>	
7. Past Due Post-Petition Account Payables (over 30 days)	<u>\$900</u>	<u>\$702</u>	
	<u>\$0</u>	<u>\$0</u>	

## At the end of this reporting month:

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) Yes \_\_\_\_\_ No \_\_\_\_\_

9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) Yes \_\_\_\_\_ No \_\_\_\_\_

10. If the answer is yes to 8 or 9, were all such payments approved by the court? Yes \_\_\_\_\_ No \_\_\_\_\_

11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) Yes \_\_\_\_\_ No \_\_\_\_\_

12. Is the estate insured for replacement cost of assets and for general liability? Yes \_\_\_\_\_ No \_\_\_\_\_

13. Are a plan and disclosure statement on file? Yes \_\_\_\_\_ No \_\_\_\_\_

14. Was there any post-petition borrowing during this reporting period? Yes \_\_\_\_\_ No \_\_\_\_\_

15. Check if paid: Post-petition taxes X ; U.S. Trustee Quarterly Fees X ; Check if filing is current for: Post-petition tax reporting and tax returns: X .  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 1/11/2010 0:00

Responsible Individual



## STATEMENT OF OPERATIONS

### **(General Business Case)**

For the Month Ended 12/31/09

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 12/31/09

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>1</b>	Cash and cash equivalents - unrestricted		<u>\$848,957</u>
<b>2</b>	Cash and cash equivalents - restricted		
<b>3</b>	Accounts receivable (net)	A	
<b>4</b>	Inventory	B	
<b>5</b>	Prepaid expenses		
<b>6</b>	Professional retainers		
<b>7</b>	Other: _____		
<b>8</b>			
<b>9</b>	<b>Total Current Assets</b>		<u>\$848,957</u>
 <b>Property and Equipment (Market Value)</b>			
<b>10</b>	Real property	C	
<b>11</b>	Machinery and equipment	D	
<b>12</b>	Furniture and fixtures	D	
<b>13</b>	Office equipment	D	
<b>14</b>	Leasehold improvements	D	
<b>15</b>	Vehicles	D	
<b>16</b>	Other: _____	D	
<b>17</b>		D	
<b>18</b>		D	
<b>19</b>		D	
<b>20</b>		D	
<b>21</b>	<b>Total Property and Equipment</b>		<u>\$0</u>
 <b>Other Assets</b>			
<b>22</b>	Loans to shareholders		
<b>23</b>	Loans to affiliates		
<b>24</b>			
<b>25</b>			
<b>26</b>			
<b>27</b>			
<b>28</b>	<b>Total Other Assets</b>		<u>\$0</u>
<b>29</b>	<b>Total Assets</b>		<u><b>\$848,957</b></u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
**(General Business Case)**

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other:	
42		
43		
44	<b>Total Current Liabilities</b>	<b>\$900</b>

**Long-Term Post-Petition Debt, Net of Current Portion**

46	<b>Total Post-Petition Liabilities</b>	<b>\$900</b>
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**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$3,500
49	General unsecured claims <sup>1</sup>	F	
50	<b>Total Pre-Petition Liabilities</b>		<b>\$3,500</b>
51	<b>Total Liabilities</b>		<b>\$4,400</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$38,932,893
53	Capital Stock		\$75,000
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$38,163,336)
56	Post-petition contributions/(distributions) or (draws)		
57			
58	Market value adjustment		
59	<b>Total Equity (Deficit)</b>		<b>\$844,557</b>
60	<b>Total Liabilities and Equity (Deficit)</b>		<b>\$848,957</b>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

**SCHEDULES TO THE BALANCE SHEET**  
**(General Business Case)**

**Schedule A**

**Accounts Receivable and (Net) Payable**

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

	<u>Accounts Receivable</u> <u>[Pre and Post Petition]</u>	<u>Accounts Payable</u> <u>[Post Petition]</u>	<u>Past Due</u> <u>Post Petition Debt</u>
		\$900	
		\$0	
		\$0	
		\$0	
	\$0	\$900	
		\$0	

**Schedule B**  
**Inventory/Cost of Goods Sold**

**Types and Amount of Inventory(ies)**

Retail/Restaurants -  
 Product for resale \_\_\_\_\_  
  
 Distribution -  
 Products for resale \_\_\_\_\_  
  
 Manufacturer -  
 Raw Materials \_\_\_\_\_  
 Work-in-progress \_\_\_\_\_  
 Finished goods \_\_\_\_\_  
  
 Other - Explain \_\_\_\_\_  
  
 \_\_\_\_\_  
  
**TOTAL** \_\_\_\_\_ **\$0**

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes \_\_\_\_\_ No \_\_\_\_\_

How often do you take a complete physical inventory?

Weekly \_\_\_\_\_  
 Monthly \_\_\_\_\_  
 Quarterly \_\_\_\_\_  
 Semi-annually \_\_\_\_\_  
 Annually \_\_\_\_\_

Date of last physical inventory was \_\_\_\_\_

Date of next physical inventory is \_\_\_\_\_

**Cost of Goods Sold**

<b>Inventory Beginning of Month</b>	_____
Add -	_____
Net purchase	_____
Direct labor	_____
Manufacturing overhead	_____
Freight in	_____
Other:	_____
	_____
	_____
Less -	_____
Inventory End of Month	_____
Shrinkage	_____
Personal Use	_____
<b>Cost of Goods Sold</b>	<b>\$0</b>

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost \_\_\_\_\_  
 LIFO cost \_\_\_\_\_  
 Lower of cost or market \_\_\_\_\_  
 Retail method \_\_\_\_\_  
 Other \_\_\_\_\_  
 Explain \_\_\_\_\_

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

**List Total Claims For Each Classification -**

	<u>Claimed<sup>1</sup></u>	<u>Allowed<sup>2</sup></u>
	<u>Amount</u>	<u>Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		\$3,500
Priority tax claims		
General unsecured claims		

(a) List total amount of claims even if under secured.  
 (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	Bank of America	Bank of America			
Account Type	Analyzed Checking	Money Market			
Account No.	3755532383	3755547789			
Account Purpose	General	Money Market			
Balance, End of Month	\$25,735	\$823,222			
Total Funds on Hand for all Accounts	<b>\$848,957</b>				

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.

2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

## STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

## Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 12/31/09

		Actual <u>Current Month</u>	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1 Rent/Leases Collected			
2 Cash Received from Sales			\$7,861,555
3 Interest Received		\$72	\$558,506
4 Borrowings			
5 Funds from Shareholders, Partners, or Other Insiders			\$5,000
6 Capital Contributions			
7 Management Fees from USA Capital Realty Advisors, LLC			\$1,564,093
8 Tax, Security Deposit, and Other Refunds			\$8,929
9 Principal Received on Notes Receivable			\$82,832
10 Escrow Deposit/Sale Proceeds/Effective Date Transfer			\$30,494,389
11			\$0
<b>12 Total Cash Receipts</b>		<b>\$72</b>	<b>\$40,575,304</b>
<b>Cash Disbursements</b>			
13 Payments for Inventory			
14 Selling			\$2,619
15 Administrative		\$4,094	\$1,016,757
16 Capital Expenditures			
17 Principal Payments on Debt			\$150,645
18 Interest Paid			\$4,888
Rent/Lease:			
19 Personal Property			\$9,963
20 Real Property			\$569,426
Amount Paid to Owner(s)/Officer(s)			
21 Salaries			
22 Draws			
23 Commissions/Royalties			
24 Expense Reimbursements			
25 Other			
26 Salaries/Commissions (less employee withholding)			\$1,740,393
27 Management Fees			
Taxes:			
28 Employee Withholding			\$213,091
29 Employer Payroll Taxes			\$94,063
30 Real Property Taxes			
31 Other Taxes			\$78,889
32 Other Cash Outflows:			
33 Professional Fees Paid in Connection with Chapter 11 Case		\$32,565	\$19,611,387
34 U.S. Trustee Quarterly Fees			\$69,725
35 Escrow Deposit/Interpleader Settlement/Transfer to Trustee			\$9,709,591
36 DTDF & PBGC Settlement			\$7,031,142
37			
<b>38 Total Cash Disbursements:</b>		<b>\$36,659</b>	<b>\$40,302,579</b>
<b>39 Net Increase (Decrease) in Cash</b>		<b>(\$36,587)</b>	<b>\$272,725</b>
<b>40 Cash Balance, Beginning of Period</b>		<b>\$885,544</b>	<b>\$576,231</b>
<b>41 Cash Balance, End of Period</b>		<b>\$848,957</b>	<b>\$848,957</b>

**STATEMENT OF CASH FLOWS**  
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents  
 For the Month Ended 12/31/09

	Actual <u>Current Month</u>	Cumulative <u>(Case to Date)</u>
<b>Cash Flows From Operating Activities</b>		
1 Cash Received from Sales	\$7,861,555	
2 Rent/Leases Collected	\$558,506	
3 Interest Received	\$72	
4 Cash Paid to Suppliers	\$2,619	
5 Cash Paid for Selling Expenses	\$4,094	
6 Cash Paid for Administrative Expenses	\$1,016,757	
7 Cash Paid for Rents/Leases:		
8 Personal Property	\$9,963	
9 Real Property	\$569,426	
10 Cash Paid for Interest	\$4,888	
11 Cash Paid for Net Payroll and Benefits	\$1,740,393	
12 Cash Paid to Owner(s)/Officer(s):		
13 Salaries	\$0	
14 Draws	\$0	
15 Commissions/Royalties	\$0	
16 Expense Reimbursements	\$0	
17 Other	\$0	
18 Cash Paid for Taxes Paid/Deposited to Tax Acct.		
19 Employer Payroll Tax	\$94,063	
20 Employee Withholdings	\$213,091	
21 Real Property Taxes	\$0	
22 Other Taxes	\$78,889	
23 Cash Paid for General Expenses	\$0	
24 Management Fees from USA Capital Realty Advisors, LLC	(\$1,564,093)	
25 Tax, Security Deposit, and Other Refunds	(\$8,929)	
26 Principal Received on Notes Receivable	(\$82,832)	
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$4,022)	\$6,345,826
<b>Cash Flows From Reorganization Items</b>		
28 Interest Received on Cash Accumulated Due to Chp 11 Case	\$0	
29 Professional Fees Paid for Services in Connection with Chp 11 Case	\$19,611,387	
30 U.S. Trustee Quarterly Fees	\$69,725	
31 Escrow Deposit & Settlement/Sale Proceeds/Effective Date Transfer/ Settlements	(\$13,753,656)	
32 Net Cash Provided (Used) by Reorganization Items	(\$32,565)	(\$5,927,456)
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$36,587)	\$418,370
<b>Cash Flows From Investing Activities</b>		
34 Capital Expenditures	\$0	
35 Proceeds from Sales of Capital Goods due to Chp 11 Case	\$0	
36 Net Cash Provided (Used) by Investing Activities	\$0	\$0
<b>Cash Flows From Financing Activities</b>		
38 Net Borrowings (Except Insiders)	\$0	
39 Net Borrowings from Shareholders, Partners, or Other Insiders	\$5,000	
40 Capital Contributions	\$0	
41 Principal Payments	\$150,645	
42 Net Cash Provided (Used) by Financing Activities	\$0	(\$145,645)
43 Net Increase (Decrease) in Cash and Cash Equivalents	(\$36,587)	\$272,725
44 Cash and Cash Equivalents at Beginning of Month	\$885,544	\$576,231
45 Cash and Cash Equivalents at End of Month	\$848,957	\$848,957

**USA Commercial Mortgage Company**  
**Question 9 - Payments to Professionals**  
**December 1, 2009 - December 31, 2009**

	<b>Total Paid During Month</b>
Dorsey & Whitney LLP	\$ 32,394.06
Schwartz & McPherson	170.88
<b>Total Fees &amp; Expenses</b>	<b><u>\$ 32,564.94</u></b>